

Service Date: November 5, 1998

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER OF MONTANA POWER)	UTILITY DIVISION
COMPANY, Annual Application to Implement)	
Its Unreflected Gas Cost, Gas Cost Tracking,)	DOCKET NO. D98.10.217
and Gas Transportation Adjustment Clause)	ORDER NO. 6114a

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INTERIM ORDER

1. On October 9, 1998, the Montana Power Company (MPC, Applicant) filed its annual gas tracking application, which was assigned Docket No. D98.10.217. MPC seeks approval of deferred gas costs, as well as the base cost of gas for the Gas Transportation Adjustment Clause (GTAC). This application will result in an increase of \$1,964,467, which is a net effect of cost increases from September 1, 1997 through August 31, 1998 tracking period and the discontinuation in rates of the net cost decrease from September 1, 1996 through August 31, 1997 tracking period.
2. The net adjustments proposed in this filing result in an increase of 2.39% to the commodity rate for core residential and general service customers; and an increase of 9.11% to the commodity rate for the utility class. The transportation commodity rates at transmission level for firm service and interruptible service decrease 19.05% and 4.62% respectively. The core and utility rates reflect increases, primarily, because of an increase in this year's gas cost projections and the gas cost under collection for the tracking period ending August 31, 1998. The transportation commodity rates at transmission level decrease because of the net rate impact of activities associated with the GTAC mechanism.
3. The rates and revenue impacts of the filing are as follows:

**The Montana Power Company
Natural Gas Utility**

Revenue Impact by Rate Class at the Proposed Tracking Market

	(A)	(B)	(C)	(D)	(E)	(G)
	<u>Proposed Adjustments</u>					
Line No		<u>Residential</u>	<u>General Service</u>	<u>Utility</u>	<u>Firm Transport</u>	<u>Total</u>
1						
2	Gas Cost Increase	\$190,457	\$97,659	\$11,919		\$300,035
3						
4	Adj. Unreflected Gas Cost					
5	Balance (8/31/98)	\$1,319,592	\$676,639	\$21,022		\$2,017,253
6						
7						
8						
9						
10	Refund - Created by Rate					
11	Decrease - Order 5898d	\$(122,436)	\$(62,781)			\$(185,217)
12						
13	Adj. GTAC Bal. (8/31/98)	\$(95,228)	\$(48,830)	\$(1,517)	\$(62,800)	\$(208,375)
14						
15	Net Revenue Change	\$1,292,385	\$662,687	\$31,424	\$(62,800)	\$1,923,696
16						
17		<u>Current Adjustments</u>				
18						
19						
20	Adj. Unreflected Gas Cost					
21	Balance (8/31/98)	\$652,994	\$334,832	\$10,402		\$998,228
22						
23	GTAC Balance (8/31/98)	\$(503,349)	\$(258,099)	\$(8,019)	\$(219,800)	\$(989,267)
24						
25	FERC Liability Elimination	\$299,289	\$153,464	\$4,768	\$345,400	\$802,921
26						
27						
28	Crown Settlement Elimination	\$(557,766)	\$(286,002)	\$(8,885)		\$(852,653)
29						
30						
31	Net Revenue Change	\$(108,832)	\$(55,805)	\$(1,734)	\$125,600	\$(40,771)
32						
33						
34	Net Revenue Impact (L15 - L31)	\$1,401,217	\$718,492	\$33,158	\$(188,400)	\$1,964,467
35						

4. With respect to the above table, the Commission notes the following:
 - A. The GTAC net balance, as booked by MPC, is the difference between actual Interruptible Transportation (IT) revenues, gathering revenues, and the transportation revenues received as a result of certain capital investments, offset by the estimated IT revenues and gathering revenues reflected in the Company's latest general rate cases and costs associated with the capital investments necessary to institute IT transportation service.
 - B. The refund created by the rate decrease from Order No. 5898d, results from the delay in implementation of the rate decrease approved in that Order, until they could be changed concurrently with the rates from the then upcoming tracker. The concurrent rate changes were approved for service on and after December 1, 1997, creating the ordered refund plus interest.
5. MPC seeks current gas cost recovery according to the following mix, which incorporates the gas mix effects of Stipulation No. 3 in Docket D96.2.22.

PROPRIETARY!!!

1998 – 99 Tracking Case
Gas Market/Supply/Cost
Summary

6. The Commission finds that the elements of the tracking filing described in the above Findings of Fact are acceptable for interim purposes.
7. The Commission finds that continuing to reflect accounting treatment, through the GTAC mechanism, for projects generating either interruptible transportation (IT) revenues or IT and firm transportation revenues combined, as initially approved in Final Order No. 5667a, is appropriate, on an interim basis.

CONCLUSIONS OF LAW

1. Montana Power Company is a corporation providing gas service within the State of Montana, and, as such, is a public utility within the meaning of Section §69-3-101, MCA.

2. The Commission properly exercises jurisdiction over Montana Power Company's natural gas utility operations under Title 69, Chapter 3, MCA.
3. The Commission may approve increases or decreases in rates on an interim basis, pending a hearing on the merits (§69-3-304, MCA).

ORDER

1. The Commission orders Montana Power Company to file rate schedules reflective of the Findings of Fact above to be effective for services rendered on and after November 4, 1998.
2. A Public Hearing may be held in the future to allow parties the option of pursuing items of interest to them.
3. Any refunds shall include interest calculated at Montana Power Company's return on equity.

DONE AND DATED at Helena, Montana, this 4, day of November, 1998, by a vote of 5 - 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

DAVE FISHER, Chairman

NANCY MCCAFFREE, Vice Chair

BOB ANDERSON, Commissioner

DANNY OBERG, Commissioner

BOB ROWE, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See ARM 38.2.4806.